Introduction

by

Emelio Betances and Hobart A. Spalding, Jr.

The idea of this issue on the Dominican Republic arose from conversations with scholars in Santo Domingo a few years ago. Without exception they noted that, despite the increasing significance of the Dominican Republic in U.S.-Latin American relations, the country had received little attention from U.S. scholars. Serious work on the Republic has only recently emerged. Prior to the 1960s, only a few solid academic studies on it existed. The collapse of the dictatorship of Rafael L. Trujillo in 1961 and the U.S. military intervention in 1965 prompted a number of prominent scholars to study the events leading up to intervention and its aftermath. In the United States, interest in Dominican affairs has directly reflected the ups and downs of relations between the two countries. For example, North Americans have recently written on the 1916-1924 military occupation, the intervention of 1965, and the migratory patterns of the past three decades. An enormous vacuum exists, however, in the areas of economy, politics, anthropology, and history.

In the Dominican Republic a new generation of scholars trained both in the country and abroad has embarked upon a systematic investigation of the formation of Dominican society past and present that is theoretically well-grounded and based upon archival research. Most of the articles in this issue represent the work of this new generation. Emelio Betances’s background piece discusses class and state formation from 1844 to 1930, arguing that the regimes of Ulises Heureaux (1886-1899) and Ramón Cáceres (1906-1911) laid the groundwork for the establishment of a modern state. The U.S. military government that followed (1916-1924) expanded and strengthened political

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and administrative centralization. Between 1886 and 1924, successive governments opened the sugar industry to foreign capital, integrated Dominican finance into the international credit system, and expanded the role of the military. State expansion was not, however, accompanied by a broadening of the social and economic base of national elites. Betances suggests that the imbalance between a strong state and a weak civil society provided the framework for the emergence in 1930 of the long-lived Trujillo dictatorship (1930-1961).

Pedro San Miguel's contribution looks at peasant resistance to taxation under the U.S. military occupation of 1916-1924. Contrary to conventional wisdom, according to which peasants can influence state power only through open rebellion, San Miguel shows that peasants from the Cibao Valley (the center of small and medium-sized holdings planted with coffee, cacao, and tobacco, mostly for export) developed forms of opposition to the military government that, even though they did not lead ultimately to armed struggle, in the long run contributed to undermining the regime. He suggests that, in this case, the peasants were essentially engaged in socioeconomic forms of resistance.

The articles by Rosario Espinal and Roberto Cassá complement each other. Espinal looks at economic restructuring, social protest, and democratization from the top down, whereas Cassá examines the political process and popular resistance from the bottom up. Espinal analyzes the economic crisis and the logics of economic restructuring, the resulting social conflicts, and the process of democratization that unraveled in the 1980s. She argues that "neither economic hardships nor social protest alone (or combined) exclusively determined the fate of the political regime." She concludes that procedural or formal democracy (elections contested by more than one party, a parliamentary system, etc.) has survived in spite of the severe economic decline that the country experienced in the 1980s. She adds that neither labor nor popular organizations proved sufficiently well organized to challenge the regime of Joaquín Balaguer in the late 1980s and early 1990s. She also notes the volatility of the Dominican political system, in which individual parties' share of the vote may change drastically from one election to another.

Cassá describes the development of new social movements in the Dominican Republic and distinguishes them from the earlier ones that wracked the Republic after the fall of Trujillo. The new movements are on the one hand a product of the social and economic crisis of recent years and on the other a phenomenon unlike the popular mobilizations that exploded in 1962 or 1965. Cassá emphasizes the territoriality of these new movements. Many remain confined to small rural towns in the Cibao or in the poorer neighbor-
hoods of urban centers. Their demands tend to focus upon local and immediate issues. Cassá argues that traditional political forces such as the Partido Revolucionario Dominicano (Dominican Revolutionary Party—PRD) and the Partido Reformista Social Cristiano (Social Christian Reformist Party—PRSC) have tried to control these movements for their own purposes but failed to do so every time. Likewise, unionists and leftist militants have almost never managed to understand the true nature of these movements and have often tried to fit them into a narrow program that benefited their own particular interests and political agenda. Like Espinal, Cassá concludes that neither the traditional political parties nor the labor movement nor the left as currently constituted can provide the structure necessary to institutionalize the forces behind these new social movements. Therefore, those who would seek fundamental social change must rethink their strategy and tactics to contend with existing conditions.

Finally, André Corten and Isis Duarte’s and Alan Klein’s articles complement each other by looking at different aspects of Dominican foreign relations. The former examines the thorny issue of Haitian-Dominican interaction by concentrating on migration and the considerable Haitian presence in Dominican society. The latter focuses on baseball, a topic that has rarely been studied in any systematic way, as a vehicle for analyzing U.S.-Dominican relations.

Even before Haiti and the Dominican Republic gained independence—in 1804 and 1844—the two countries’ histories were intertwined. The Haitian occupation of Santo Domingo (1822-1844) and subsequent multiple invasion attempts, settlements by Haitians in border areas claimed by the Republic, the use of Haitian labor, primarily on the sugar plantations of the Southeast, beginning in the late 19th century, Trujillo’s infamous massacre of over 12,000 Haitians in 1937, and the constant barrage of racist propaganda aimed at the Haitian “menace” make the issue a real one. Corten and Duarte address three important issues: the international campaign against “Haitian slavery” in the Dominican Republic, the way in which the number of Haitian and Haitian-Dominicans living in the country is calculated and the importance of the figure, and the political consequences of Haitian-Dominican relations for the 1994 electoral campaign, in which there was controversy about the PRD candidate because of his Haitian origins. Corten and Duarte conclude that the presence of perhaps 500,000 Haitians and Haitian-Dominicans in the country is not a question of classical migration but a reflection of the economic and political relations between the two countries and their different levels of development—issues that the international campaign against “Haitian slavery” in the Dominican Republic has not posed correctly. Their research
suggests, therefore, that any solution to the so-called Haitian question must examine the very nature of Dominican society rather than simply the presence of "foreigners" within the polity.

Klein systematically looks at the way in which U.S. professional baseball has worked to dominate the local traditions of Dominican baseball in the 20th century. The sport actually arrived in the Republic in 1888, brought by Cubans engaged in the then newly blossoming sugar industry rather than by U.S. troops during the occupation as many writers have assumed. Examining baseball within the larger context of economic, political, and cultural domination by U.S. interests, Klein argues that a seemingly benign cultural enterprise in reality operated in scripted fashion. In a postmodernist vein, his analysis interestingly leads him to conclude that baseball has evolved into a form of cultural resistance against U.S. influence, both among local professional players and, more important, among the media and the fans. He concludes that, in effect, a Dominicanized baseball has gradually emerged over time. Thus, in contrast to the traditional simplistic functional view, Klein's suggestion is that "sport simultaneously reflects and obscures social and cultural phenomena."

We are keenly aware that the articles included in this issue leave out or only briefly touch on many fundamental questions about the development of Dominican society past and present. One of the major themes that needs attention is the effects of the regimes of Rafael L. Trujillo and Joaquín Balaguer on economic development and class formation. The pieces by Espinal, Cassá, and Corten and Duarte can be best understood within the broader context of recent Dominican history. The bulk of this introduction, therefore, seeks to provide that context.

Trujillo rose to power in 1930 and his regime lasted until 1961. Early in his career he seemed to understand the need to create certain state structures to preserve his political power. To this end he concentrated on the development of the military, an official political party (the Partido Dominicanano), the Congress, and the government bureaucracy. These four institutions served as pillars for his control of the Dominican economy. They also blocked the development of the traditional bourgeoisie and prevented the emergence of an independent new elite linked to the regime.

Trujillo turned the Dominican military into the most effective force in the Caribbean and used it to consolidate national political power. He remained aware, however, that a leader cannot rule by force alone and therefore created the Partido Dominico to "encourage" the Dominican people to accept and support his regime. The party's main function consisted in securing nationwide support for his electoral campaigns. It staged elections and ensured that
the official candidate (most often Trujillo but sometimes a surrogate) won by a landslide. Similarly, Congress and the government bureaucracy played key roles in the concentration of political power. Despite the virtual absence of economic growth during the 1930s, Trujillo orchestrated the rapid expansion of the government, creating ten new national institutions, including the Ministries of Telecommunications, Public Health, and Industry and Commerce, as well as an Internal Revenue Agency and a Land Court. This expansion of government institutions continued in the 1940s with the creation of a reserve bank, a central bank, and a nationally controlled customs receivership. Trujillo trustees occupied all important offices within these entities.

Although Trujillo used his power to accumulate substantial personal wealth and capital in the 1930s, he proved unable to control the national economy because the United States still held the nation’s purse strings. The Dominican state functioned within the political scheme created by the 1924 Dominican-American Convention, signed as a condition for U.S. withdrawal (see Betances in this issue). The dollar served as the national currency, and the Dominican government could not increase its debt without prior U.S. government consent. Thus the sovereignty of the Dominican Republic remained compromised, and this prevented the dictatorship from operating more autonomously in its first years (Maríniz, 1993: 17-37).

In the context of World War II, the United States needed Latin American support in the form of cheap raw materials and foodstuffs to conduct its war effort. The war years drove up the price of sugar in the international market, producing a windfall for the Dominican economy. Trujillo took advantage of this situation to regain control of the customshouses in 1941 and to pay off the external debt in 1947, thus ending the most blatant forms of foreign intrusion into national affairs. But after his assassination in 1961 the United States reasserted its control through a blend of old and new mechanisms of domination.

Trujillo used political power to create a new economic elite (but one dependent upon the regime and above all himself) as well as to block the development of the traditional oligarchy. When he took office in 1930, he did not represent the bourgeoisie. Instead, he led a movement that consolidated national political power and used it to spearhead a process of capital accumulation that provided a solid economic foundation for this new economic elite. The formation of a new group began with a process of accumulation directed by the state that limited the possibilities for the traditional elites and directly exploited rural and urban producers. The new economic elite concentrated extraordinary political and economic power. Trujillo, of course,
played the key role. Traditional economic elites, lacking access to official channels, could not expand as rapidly as this new state-backed group, but they managed to hold their own and entered the post-Trujillo period with significant amounts of capital. Trujillo, for example, never challenged the powerful Vicini family, substantial sugar-plantation owners since the late 19th century. The traditional northern Cibao group, centered in the city of Santiago and including the Bermúdez, Brugal, Cabral, Grullón, Tavares, and other prominent families, remained more or less intact as well.

By the 1940s, the Trujillist elite had nearly monopolized the most profitable sectors of the Dominican economy, and under Trujillo's leadership the state had achieved relative autonomy from foreign domination. The Trujillist elite had not yet come into open conflict with the U.S. sugar concerns that had investments in the country because the foreigners paid the higher export tax that Trujillo demanded. However, the elite's accumulation of capital, the full payment of the foreign debt, and the creation of a central bank ready to lend money to leading investors made possible new investments in internal economic development. In addition, high sugar prices throughout the 1940s motivated Trujillo to enter the sugar business, setting the stage for an eventual confrontation with foreign producers. Trujillo started his ventures in sugar in 1952 and proceeded to buy up several U.S.-held firms. In less than ten years he became the country's main producer. Trujillo's investment in the industry reduced the share of U.S. capital from 93 percent to 26 percent of the total. These investments turned the new economic elite into the country's most important economic and political group.

The Trujillist elite's incursion into the sugar business coincided with a drive to develop the nation via import-substitution industrialization starting in the 1940s and gathering steam in the 1950s. This policy rested on a series of incentives and concessions given mostly to the Trujillist elite or to foreign investors. The government also negotiated lucrative contracts with prominent merchants many of whom had resided in the country since the turn of the century. It exempted investors from local taxes and allowed them to import duty-free all the machinery they needed to set up industrial establishments. In exchange, they were to promote import-substitution industries, generate hard currency, create employment, import new technologies, and, of course, advance national industrial development (Moya Pons, 1992a). Industrial development in this period concentrated basically on textiles, fertilizers, cement and gypsum, sacks and cordage, iron parts, metal, weaponry, beds, plows, glass, rubber products, and so on—in short, products demanding low capital and low technology. Trujillo's plan for industrial development clearly aimed at creating an industrial class consisting, in addition to the Trujillist
elite, of foreign merchants-turned-industrialists and foreign investors who had taken up residence in the country and become integrated into the creole social structure. As had the pioneers of the sugar industry and the foreign merchants of the latter third of the 19th century (see Betances in this issue), these newcomers helped to expand the ranks of the Dominican bourgeoisie. Trujillo's economic development model had, however, some important limitations: it remained highly concentrated in the hands of the dictator, markedly dependent on U.S. technology, investments, and advice for production decisions, and extremely vulnerable to sudden fluctuations in world market prices for raw materials and agricultural products.

The new economic elite that emerged under Trujillo remained almost totally dependent on the macroeconomic scheme guaranteed by the state. The traditional oligarchy consisting of merchants, landowners, and some manufacturers had no choice but to accept Trujillo's political and economic dominance. For traditional petty-commodity producers such as those who cultivated coffee, cacao, or tobacco, land tenure structure and production remained unchanged, preventing them from exerting any important political influence. Because of this structural weakness of society, external factors such as the Cuban Revolution of 1959 and the resulting changes in U.S. foreign policy toward Latin America led to the downfall of Trujillo in 1961 (Betances, 1995).

Trujillo's assassination found the traditional oligarchy structurally weak and the Trujillist group unable to advance its economic and political interests because it no longer had access to the state. These groups were divided politically on how best to dispose of Trujillo's quite considerable wealth, which initially reverted to the public sector. These splits created the opportunity for the popular masses to advance their pent-up social and economic demands. Juan Bosch won the 1962 elections on a reformist and populist platform on the PRD ticket, but his government lasted only seven months before being toppled by a conservative military coup backed by the United States. The civilian government that eventually emerged proved unable to stop the popular movement, which pushed for a return to constitutional rule and, secondarily, a restoration of Bosch to power. These struggles culminated in the Revolution of April 1965. A military movement aimed at toppling the government joined with a civilian uprising aimed at restoring the country to constitutional rule. The marked popular overtones of the uprising, which threatened to take over the capital city and, potentially, the whole country, quickly led to a U.S. military occupation under the guise of an action by the Organization of American States (OAS). The invading troops soon restored order and did everything they could to help defeat the popular forces. This,
in turn, paved the way for a new election in 1966. Held under the bayonets of foreign troops, the vote this time confirmed Joaquín Balaguer as an easy winner over Juan Bosch. Having done their job, the U.S. forces then left.

Like the Trujillo dictatorship, the twelve-year rule of Balaguer (1966-1978) was the result of a combination of the structural weakness of the Dominican oligarchy, the U.S. military occupation, and subsequent U.S. foreign policy. Balaguer’s regime initially served as an intermediary between a weak oligarchy and a powerful social movement that threatened the established but dependent capitalist order. Massive U.S. military and economic assistance aborted this threat by training urban counterinsurgency units and beefing up the police force, which had fallen apart in April 1965. During the first year of the intervention (April 1965 to April 1966) the United States spent US$122 million in the country, and economic assistance reached US$133 million every year from 1966 to 1969, mostly in the form of grants and long-term loans administered by the Agency for International Development (USAID). Although U.S. economic assistance decreased from 1969 to 1973, on average it still amounted to US$78 million annually (Moya Pons, 1992b: 542-544). This assistance proved essential to Balaguer’s survival during his first term (1966-1970). It gave him a degree of freedom from the traditional Dominican economic elites and made him the key intermediary between the United States, local elites, and the Dominican people—a role that he played to the hilt.

Aware that his regime depended on how well he served his international backers, Balaguer initiated an economic policy designed not only to ensure order and social peace but also to create basic industrial infrastructure, establish low minimum wages, and provide economic incentives to attract foreign capital and encourage investment by local capitalists. Echoing Trujillo, he pushed a policy of import-substitution industrialization that rode the tide of high world market prices for export products such as coffee, tobacco, and cacao. His industrial policy aimed at forging an industrial class while weakening the potentially competitive state industrial sector (Balaguer, 1988: 296-297). Dominican industrial sectors remained very weak in the 1970s, however, and could grow only as partners of international capital and under state protection.

When Balaguer came to power in 1966, his policies responded to the needs of both the industrialists that Trujillo had protected and the traditional oligarchy. As had Trujillo, Balaguer promoted legislation that protected local industrialists, both foreign (i.e., those investors from abroad who had established themselves in the Republic) and Dominican. In addition, state and international lending agencies provided financing for industrial development programs. From 1966 to 1978 the Fondo de Inversión para el Desarrollo
(Investment Fund for Development—FIDE) channeled nearly US$136.3 million to the industrial sector. Industry received 60 percent of the FIDE’s investment funds; agriculture and the cattle industry received only 28 percent (Lozano, 1985: 85). In addition to the FIDE, private banks and real estate firms contributed nearly US$277 million in loans to the productive sectors, with industry again the main beneficiary. Clearly the FIDE functioned as a state agency for promoting the development of an industrial bourgeoisie. This policy did not, however, favor Dominican investors over foreigners who operated inside the country. Although tariffs on imports proved a key protection for existing industry, multinational corporations also received favorable treatment from the state, and they had an inside track in borrowing because of their obviously superior credit ratings and their key connections to the financial sector, in turn dominated mainly by foreign banks.

Balaguer’s model, like Trujillo’s, was overdependent on the United States for capital, technology, and industrial inputs. Dominican industries basically became assembly plants; parts were imported nearly duty-free, assembled, and sold on the captive domestic market. Tariff protection, tax exemption, the small size of the Dominican market, and the family-like structure of local capital, which made it difficult for outsiders to gain access to credit, favored the development of monopolies. As in the 1950s, Dominican industrial development had a monopolistic character. Under Trujillo the sector had been controlled by one family; under Balaguer ownership became more diversified, but still the base remained small.

Banks played a leading role in this model. Both newly established foreign banks and the emergent Dominican banking industry profited enormously from the administration of foreign loans. The growth of the banking industry could be measured in the considerable increase in savings and fixed-term deposits during the early 1960s. The value of savings accounts tripled while state deposits rose about 60 percent (Lozano, 1985: 178-185; Moya Pons, 1989: 28-89). Foreign banks still controlled a significant share of Dominican banking, however. They channeled most of the FIDE’s investment funds and controlled 46.6 percent of all the private bank loans to industry. Among local banks, the National Reserve Bank doled out 20.3 percent of the total and the rest 33.1 percent (Lozano, 1985: 87).

The emergence of a new dependent financial and industrial bourgeoisie was probably the most important result of the Balaguer administration. This new class fraction rose under state protection but remained subordinated to foreign capital. Trujillo had restricted direct foreign investment. In 1958 investments from abroad accounted for only US$120 million, over 80 percent of which represented U.S. companies, mainly concentrated in mining and sugar but also penetrating other areas of the economy. Balaguer, in contrast,
offered a favorable environment for foreign investment, and a number of major corporations invested in the country during his term in office. These included Falconbridge Mining (a U.S.-Canadian consortium), Gulf and Western Co., ALCOA, General Telephone and Electronics (which owned Codetel, the national telephone company), Nestlé, and Philip Morris. These corporations joined such giants as the First National City Bank (today Citibank), the Chase Manhattan Bank, and the Shell Oil Company (a subsidiary of Royal Dutch International), which had invested in the country prior to 1966. Foreign investment reached almost US$1 billion during the period from 1966 to 1971, most of this deriving from just a few corporations. From 1966 to 1974, for example, five corporations controlled 65.4 percent of all foreign investment, totaling US$401.6 million. A substantial portion of this investment went to mining, sugar, tourism, banking, and commercial services.

The impact of this investment on Dominican society proved overwhelming. Foreign banks controlled most of the credit granted to industry, and direct foreign investment dominated the leading sectors of the economy. For example, Falconbridge (ferron/nickel), ALCOA (bauxite), and the Rosario Resources Corporation (a large North American gold mining enterprise) controlled mining, Codetel nearly monopolized telecommunications, and Gulf and Western developed a vast empire that included not only the country’s largest sugar plantation (La Romana) but also significant holdings in construction, finance, tourism, and manufacturing for export. The local industrial bourgeoisie that emerged under Balaguer’s protection had no alternative but to remain subordinated to foreign capital. Dominicans continued to predominate in the traditional export sectors, such as tobacco, coffee, cacao, and cattle, but these sectors remained relatively backward and little changed from the turn of the 20th century. They represented a less and less important share of the economy.

Despite Balaguer’s success in attracting foreign capital and modernizing Dominican society, his regime confronted at least two serious obstacles that made it impossible for it to continue in power beyond 1978. First, as a price for their support, Balaguer had given the civilian and military bureaucracies free rein to enrich themselves at public expense. Although, unlike many Latin American strong men, Balaguer personally did not profit from this widespread corruption (he once asserted that corruption stopped at his desk), his supporters profited from infrastructure improvements, receiving government contracts to build roads, public schools, public housing, hydroelectric projects, and irrigation waterways. Through the Consejo Estatal del Azúcar (Dominican Sugar Council—CEA), the state corporation created to handle the Trujillo-owned companies that had devolved to the state upon his death, insiders speculated in sugar futures, often benefiting from inside information.
The middle and higher ranks of the military received concessions to grow sugar for the government's mills, all inherited from Trujillo. As a result, from 1966 to 1978 about 40 percent of the cane ground by the state sector came from lands owned by members of the armed forces. These concessions secured the loyalty of the military leaders, who became dominant figures in one of the state's most important economic activities.

By the time Balaguer began his third term in office in 1974, civilian and military bureaucrats had grown into an economic group whose interests conflicted with those of the local industrial and financial bourgeoisie. They supported Balaguer only in exchange for government largesse. They sought to use state power for their own benefit but at a time when the revenues for expanding their economic activities were diminishing because of declining state revenues from exports (Lozano, 1985: 253-254). Conflict between these bureaucrats and the dependent industrial and financial bourgeoisie emerged when the export sector of the economy entered into crisis. Sugar prices in the U.S. preferential market (the price that the United States paid for imported sugar under the quota system, which had nothing to do with the international price of the commodity on the "free" international sugar market) had risen steadily from 6.9 cents a pound in 1970 to 14.2 cents in 1974 and an astronomical 60-plus cents in the mid-1970s. They had also increased in the international market, moving from 3.7 cents a pound in 1970 to 19.12 cents in 1974 and 60 cents in 1975 (Lozano, 1985: 205). After 1976, however, sugar prices declined sharply, leading to a drop in sugar production (as Gulf and Western cut output) and declining export revenues. For nearly a hundred years sugar had been the country's main export product. Trujillo had taken advantage of higher sugar prices to initiate import-substitution industrialization in the 1940s and 1950s. Under Balaguer, the state now owned the lion's share of the sugar industry and used the profits from exports to subsidize industrialization. The drop in international sugar prices after 1976 diminished its ability to continue such a policy. As one result, the bourgeoisie no longer saw Balaguer's regime as indispensable. The bureaucrats, for their part, remained heavily dependent upon state resources and viewed any change in policy as a threat to their insider position. As Balaguer's position eroded from 1975 to 1978, the bourgeoisie began to look for viable alternatives that would keep the benefits flowing.

The dramatic decline in state revenues after 1975 changed the political situation. Reduced government income made it more difficult for Balaguer to maintain his political clientele or to continue the social welfare programs that had kept social pressures at a minimum. Middle-class organizations, organized labor, and student associations began to reorganize after the crushing defeats of the late 1960s and early 1970s. Increasingly they mobi-
lized and organized demonstrations and called strikes. Pure repression could no longer contain the rising protests, and by 1978 large segments of the peasantry had joined the opposition led, at the political level, by the PRD. Although the massive protests never brought Balaguer to his knees, significantly the classes and fractions of classes that had supported him from 1966 to 1976 now divided politically.

The PRD had slowly repositioned itself as an alternative to Balaguer. It had gained a certain respectability among the middle and upper strata by moving from the left-leaning populist position associated with 1962 and 1965 to a more moderate, centrist one. This change took place only after its longtime leader Juan Bosch resigned from the party over internal disagreements. Taking an important cadre with him in addition to his national prestige, he then founded the Partido de la Liberación Dominicana (Party of Dominican Liberation—PLD). The PRD joined the Socialist International, an international social democratic umbrella organization, and formally affiliated with that body in 1976. At the same time, it courted the middle class, significant sectors of organized labor, portions of the peasantry, important fractions of the local bourgeoisie, and the Washington liberal establishment, reinforced by Jimmy Carter’s election to the presidency. The PRD presented itself as a viable political alternative that did not threaten the established economic order but could appeal to the disadvantaged and thus keep social peace along with economic development. The party selected Antonio Guzmán Fernández, a conservative landowner from Santiago in the Cibao, as its candidate for the 1978 elections. This clearly signaled the PRD’s new public stance.

Despite campaign threats by groups associated with Balaguer and the military/civilian bureaucracy, the PRD drew considerable support in the elections. Tensions increased, however, when the military halted the ballot count that showed Guzmán winning. With a coup d’état seeming likely, President Carter intervened to pressure Balaguer into a compromise solution that awarded Balaguer four provinces actually won by the PRD, leaving him in control of Congress so that he could block any legislation proposed by the PRD. In exchange, the PRD received the presidency, with Guzmán taking 51.7 percent of the vote to Balaguer’s 42.1 percent. This solution assured Washington that the PRD government would be restricted by Balaguer’s control of the legislature and that U.S. and other foreign interests would not be threatened (Maríniz, 1982; Espinal, 1992). Although it violated Dominican national sovereignty, Carter’s intervention made it possible for the PRD to attain power. Once in office it initiated a democratic opening that eventually led to competitive elections, albeit still under the watchful eye of the United States.
Trujillo and Balaguer used their political power to expand the foundation for the development of capitalism and the formation of a modern economic elite. Both regimes sprang from a combination of the structural weakness of the Dominican bourgeoisie and U.S. interventionism. However, while Trujillo had blocked the development of the traditional oligarchy, seeking to create a new economic elite, Balaguer worked to provide the general infrastructural conditions for the development of both of these groups in the post-Trujillo period. In contrast to Trujillo, Balaguer opened up the country to foreign corporate investments, forcing local capital into a subordinate role in the process of capitalist development.

The two PRD governments (1978-1986) that succeeded Balaguer proved anticlimactic. Despite the high hopes of its supporters that once political democracy had been won the party would implement social democracy, no such thing occurred. In fact, the two successive PRD governments were both wracked by corruption scandals. The first president committed suicide to escape facing responsibility; the second (whose policies were mandated by the International Monetary Fund [IMF]) ended up in jail. The oil shocks and declining prices for sugar hurt the economy badly. All these factors led to the reelection of Balaguer in 1986 and his subsequent reelection in 1990 and again in 1994. Most important, the PRD had missed a real opportunity to become the leading force for social change and had fallen into the same old patterns of Dominican politics.

Under the Balaguer governments substantial changes took place. The leading sectors became banking, tourism, and construction. Overseas remittances from Dominicans abroad (mostly in the United States and a majority in greater New York) came to constitute the second-largest source of dollars. In addition, the free-trade zones expanded rapidly. Today, for example, some 28 zones employ about 140,000 workers (mostly young women). The free-trade zones and tourism, however, are both foreign controlled. Under incentives granted by Dominican governments, their contribution to national income is very limited, and the levels of employment are low given the fact that perhaps half the adult population is either un- or underemployed. Balaguer, however, continued to follow IMF and World Bank structural adjustment policies, deepening the divisions between the haves and the have-nots within Dominican society. It is within this context that the popular movements analyzed by Cassá developed and that the political problems examined by Espinal evolved.

Although beyond the scope of this issue, the results of the 1994 elections illustrate not only the dynamics of the Balaguer era but also the way in which the Republic’s politics and society work in general. Some political analysts have argued that procedural or formal democracy has been taking root in the
Republic as in the rest of Latin America since the late 1970s. The 1994 Dominican elections, however, cast doubt on that thesis. The results of these elections, which took place on May 16, were confirmed only on August 2 and remained on somewhat shaky ground. Both the credentialed teams of foreign observers and the official verification commission acknowledged that fraud marked the whole electoral procedure. The latter cited “irregularities” in over 40 percent of the municipalities and reported that some 28,000 voters had been excluded from the process. There were two voting lists, one given to the participating parties and the other to the voting precincts. Quite naturally, the losing PRD and PLD complained strenuously about the results and the whole process, the former calling for a new vote with a supervised new electoral roll.

As usual, the U.S. embassy became involved, and the process was further complicated by the ongoing crisis in neighboring Haiti. The Balaguer government clearly backed the conservative military junta and not the democratically elected President Bertrand Aristide. The border became a main supply route, violating the UN-sanctioned blockade of Haiti. Significantly, after a lot of backing and filling by the central electoral board and the political parties, on August 2 the U.S. and Dominican governments announced that they had signed a memorandum of understanding allowing 80 UN observers to police its borders to shut off the flow of contraband oil and other goods to Haiti. The agreement expressly absolved the UN (read U.S.-led) force of responsibility for any damages it might cause in the enforcement process and stipulated that on three to four hours’ notice it could use the Republic as an invasion corridor to Haiti. In the end the invasion took place without recourse to massive maneuvers in the Republic, but Balaguer did remove the soldiers who had guarded the border and replace them with a supposedly more reliable force. On the day the government announced the agreement, the central electoral board declared Balaguer the winner by about three-quarters of a percentage point but with less than 40 percent of the total vote.

The tortuous course of Dominican politics did not, however, end here. President-elect Balaguer acknowledged the need to negotiate with the opposition because of the tension generated by the elections and their aftermath. Talks took place under the auspices of the Catholic Church and the OAS. On August 9 representatives of the leading political parties signed the so-called Pact for Democracy. Among other things, the pact prohibited the reelection of the president for consecutive terms, made the judicial system more independent, and called for new presidential elections within 18 months while approving regular four-year terms for congressional and municipal offices filled in May 1994. Despite some fudging (the PRSC initially refused to accept the document its leader had signed, and Balaguer rescheduled the
elections for May 1996), the agreement, if honored, will set the stage for significant political change. In the new elections neither Balaguer (who cannot succeed himself) nor Bosch (who, suffering from ill health, formally retired from politics during summer 1994) can stand for office. This perhaps opens the way for younger leaders and, ideally, a more stable political democracy. At the same time, a constituent convention is expected to meet to draft a new constitution. Perhaps such a new charter will decentralize power and lead to more effective checks and balances between government branches.

The issue of political stability and less personalistic government is not just wishful thinking on the part of political scientists. The new basis of the Dominican economy rests on tourism, the free-trade zones, and the banking sector. The well-being of all three depends to a large degree on the maintenance of relative stability. Tourists seldom wish to visit countries where unrest prevails and may quickly seek other shores upon which to bask if they feel insecure. The free-trade zones are equally precarious; as occurred in Haiti, companies can pick up and leave at a moment’s notice. Finally, not only does foreign investment in general run away from uncertainty but much of the Dominican banking sector depends upon “hot” money that has been parked there to take advantage of high interest rates. This too can leave at the flick of an electronic button.

In this context, the Pact for Democracy can perhaps be viewed as an attempt to stabilize and even depersonalize (i.e., democratize) the system on a long-term basis. In fact, a trend toward negotiation has become increasingly apparent in recent years. In 1978 the leading parties signed a pact by which the PRD ceded four provinces to the Balagueristas in order to get their presidential candidate, Antonio Guzmán, officially elected; in 1990 a solidarity pact signed by Balaguer and leading businessmen laid the basis for neoliberal measures that would remodel key institutions influencing economic development, including tariff, tax, and banking reform. In addition, lesser agreements involving government, capital, and/or labor and sometimes the leading political parties (such as the so-called Civility Compact, which called for an end to violence prior to the 1994 elections) have marked the whole process leading up to 1994. Perhaps rather than competing for dominance within the state, the various political fractions in society have decided that for now the best course lies in cooperation, however uneasy that may be.

Among the most important subjects not included in this issue are tourism, free-trade zones, banking, agriculture, and international migration. The theme of international migration is of paramount importance in recent Dominican history. The steady outflow of people since 1965 in response to political crises and constant economic pressures has fundamentally shaped both the econ-
omy and the society. Most of those who have left the Republic have gone to the United States and, in particular, to Greater New York. According to some estimates, well over half a million Dominicans may now live in the city. More recently, immigrants have gone to other U.S. cities as well as to Puerto Rico, Europe, Spain, and Latin American countries such as Venezuela. Although scholars argue about the importance of immigration patterns, at least two things seem clear. First, emigration has helped relieve social pressures within the country, and second, money from Dominicans overseas has provided a steady stream of hard currency for government coffers. In fact, after tourism, these funds probably represent the second most important source of foreign exchange. The long-range implications of this Dominican diaspora remain unclear. Will the population living abroad become assimilated into its new surroundings and gradually lose its “Dominicaness,” or will it play an important political and economic role inside the Republic as some predict? Some recent studies have indicated that those who return after a few years abroad and, in particular, youngsters born or raised overseas may experience difficulty in becoming reintegrated into Dominican society. The agreements signed after the last elections included a clause in the new constitution that allows Dominicans who have taken out another citizenship to retain their original passports, opening the way for future political participation. The fact that U.S. law specifically prohibits citizens from voting in foreign elections may render this clause inoperative for many. In any case, it is probably correct to say that migration will continue at a steady pace only until the local economy picks up. Given the dependent status of the Republic, this does not seem in the cards for a considerable time.

Looking back over the sweep of modern Dominican history, it is possible to identify several interrelated features: (1) a lack of class development, (2) a dependent economy, (3) authoritarianism in politics, and (4) a long history of popular struggle. The articles in this issue shed light on various aspects of these four themes.

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